

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1465 - HB 1695

February 10, 2014

SUMMARY OF BILL: Requires the Comptroller of the Treasury (COT) to submit the annual audit reports of any home rule municipality to the State Funding Board (SFB) under certain circumstances. Requires any home rule municipality classified by the SFB as being financially distressed to propose and implement an improvement plan. Requires any home rule municipality unable to comply with the proposed improvement plan to forfeit its charter and the county in which the home rule municipality is located to levy a special tax for the purposes of paying existing indebtedness due pursuant to Tenn. Code Ann. § 6-52-304. Authorizes the SFB to establish guidelines, rules, or regulations for the oversight of financially distressed home rule municipalities.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- There are 14 home rule municipalities: Chattanooga, Clinton, East Ridge, Etowah, Johnson City, Knoxville, Lenoir City, Memphis, Mt. Juliet, Oak Ridge, Red Bank, Sevierville, Sweetwater, and Whitwell.
- According to COT, any fiscal impact to the agency as a result of the provisions of the bill can be accommodated within existing resources and with existing staff.
- The submission of an improvement plan and any required meetings with the SFB for presentation of the plan will not result in any significant fiscal impact to local government.
- It is unknown how many of the 14 home rule municipalities will be subject to proposing and implementing an improvement plan and how many of such municipalities will ultimately have their charter forfeited as a result of noncompliance with the improvement plan; however, the fiscal impact as a result of the charter forfeiture procedure established under current law will only impact the expenditures and revenue occurring between a former municipality, the county where any dissolving municipality is located, and the property owners located within both. As such impact is occurring between local government entities, the net fiscal impact to local government is considered to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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